ORGANIZED AND UNORGANIZED FOOD RETAILING IN INDIA: A COMPARATIVE ANALYSIS

Synopsis

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Submitted by

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INTRODUCTION

In the age of information, communication, and entertainment, shopping has become a new generational hobby. The whole concept of shopping is about consumer purchasing behavior has changed over time. With rapid urbanization - retail stores and shopping malls have grown as one of the most significant segments of the world economy.

The retail industry is fast changing and contributing to the economic development of many countries of the world. The word 'retail' is derived from the French word 'retailer', which means 'to cut something' into pieces, 'divide' to 'wholesale'. Retail is an important part of the business industry including selling products and services for personal or family consumption to consumers.

The retailing process involves direct interaction with customers and coordinating business activities, from the design phase of products to their delivery and then services. Retail businesses can generally be classified into several types based on their size, form, product line; quantity of service offered and cost charges, etc.

According to the retail sales association - retail sales are broadly divided into two categories, "unorganized" and "organized". The unorganized Sector includes those units whose business is not regulated by any law or legal provisions and those that do not have regular accounts. Unorganized retail sales (traditional sales) include neighborhood local business general stores, local grocery shops, provisioning stores, local markets, fruits seller, vegetablesellers, pop general stores, etc. On the other hand organized retailing reflects the business activities carried out by authorized retailers, i.e. those who are registered for GST. Some organized stores are:- Hypermarkets, Departmental Stores, Discount Stores, Pharmaceutical Stores, Factory outlets, and large retail businesses, etc.

Indian retail industry has emerged as one of the fastest-growing industries in recent times.he organized retail market is valued at more than US Dollars 60 billion, which is more than 9% of the whole sector; it is growing at a CAGR of 20-25 % per annum. The organized retail sector has performed impressively in the food retail industry in India.

Young urban Indians are mostly participating in this market. They spend 40% of their income on food & willing to pay a premium for better quality, variety& taste.

Food in retail comes in many sizes and shapes and is protected by government agencies. Retail food

is both "perishable" and "non-perishable". Products such as eggs and milk are perishable and have limited shelf life, they should always be refrigerated, and non-perishable foods are those which cannot be spoiled in the early period and these things do not require refrigeration, like dry fruits.

Due to the introduction of many new players, India has developed into one of the most dynamic and fast-moving industries in the retail sector and secured 5th position in the world.[2] Advancements in urbanization, changes in lifestyles, an increase in overseas travel, heightened awareness of health, and a boom in the organized retail industry has increased demand for imported food products. Categories seeing growth in the imported food segment are dairy items such as chocolates, cheese, dips, wine, and processed foods. Biscuits, honey, juices, sauces, and fruits form most gourmet markets in India.

According to the report of PGA Labs and Knowledge Capital, investors invested 1.4 billion US dollars in D2C companies from 2014-2020. The retail sector recorded an investment of 417 million US dollars in 2020.[3]

The Government of India has taken several initiatives to improve the Retail Industry in India. Some of them are:

- The RBI announced a plan in a new framework to accelerate the adoption of digital payments in the country.
- The Government announced retail park policy 2021-26 in which the target of retail investment was expected to be Rs. 5,000 crores (674.89 million US dollars) in the next five years.
- Indian Government allowed 100% FDI in automated ways of goods and services, and the online retail sector is providing clarity on existing e-commerce companies in India.
- The Government's focus would be to improve its digital infrastructure in Tier 2 and Tier 3 markets.
- The MSME minister announced the inclusion of retail and wholesale businesses as MSMEs. Retail and wholesale businesses will now get the benefit of giving credit to the priority sector under the guidelines of RBI.

The retailing sector is the pillar of the Indian economy and this industry is growing day by day, consumers are the most important part of the retailing sector, retailing industry depends on consumer behavior. Retailing is dependent upon how they sell their products and which type of services they

provide for the consumers. The organized sector takes so many steps to attract consumers, if the unorganized sector wants to survive in this retailing sector they also have to take so many steps to attract consumers.

REVIEW OF LITERATURE

- **India Brand Equity Foundations (2021) -** According to this foundation, the most common methods of payment were digital wallets (40%), followed by credit cards (15%) and debit cards (15%). Retail's online reach is expected to reach 10.7% by 2024, which is 4.7% in 2019.
- **Rao Kedar (2021) -**According to him, Just as supermarket chains exploit farmers the expansion of Indian supermarkets is not crowding out small and marginal farmers. Regulating costs was a major concern for farmers due to the opportunistic behavior of MERC companies in grading and monitoring to provide better quality.
- **Bhatt JD and Thaker (2020) –** They found out that last 4-5 years of food retail Sales has been increased. Various trading companies are already planning to invest in this sector over the next 2- 3 years. Retailers will have to face the problem of increased demand and customers will be also highly competitive. Competitors with more investment flowing in shares of the organized food sector that is growing rapidly so that existing and new players are not getting much profit.
- **Das Ganesh (2020) -** According to him, unorganized retailers face a complex situation in which they compete with organized retailers and there will be many challenges ahead that will not be easy to survive. The organized sector offers home delivery services and discount offers to attract consumers. If the unorganized sector does not do these types of things this sector have to face many difficulties in the future.
- **Gomes, Judith (2018) –** Examined that, middle-class consumers are the most important factor for entering the Indian market, due to its large population, India sees high growth in consumer spending.
- **Kahn (2017) –** Suggested some strategies to make classification easier for consumers, in this they include classification and reduction of information intensity he ensures that each item is related.

- **Sachdeva & Goel (2015) –** According to them, Retailers should focus on engaging customers both physically and emotionally. Success in retailing has less to do with what the retailer has to sell and how they sell it. Service experience expresses how retailers sell products from the point of view of customers.
- **Pandey Shailesh, Rai V. (2014)** – According to them, the retail industry is flooded with a variety of large foreign retailers. In this context, the existence of kirana Stores (Non-organized retailers) in India is open to discussion. Retail sales in India are one of the pillars of the economy, accounting for 14-15% of GDP. customer preferences are also changing along with changes in the overall retail environment. Wal-Mart is still a long way from entering the Indian market. The research will focus on uncovering tools that can help kirana stores attract more customers, offer a better retail mix, and ensure their longevity.
- **Rajput Namita (2012) –** According to her, consumers are shifting from Kirana to shopping Malls because of the shopping experiences. It is observed in the study that value and income levels are the main factors. Some of the factors which are not important - permanence, and celebrity endorsements etc.
- **Goswami (2012) –** According to him, if consumers turn their back on kirana's small shops when shopping for groceries. He found positive feedback about location, cleanliness, and reliability of consumers.
- **Kumari Anupma (2012) –**According to her, the Indian retail sector is expected to grow from 322 billion dollars in 2006-2007 to 590 billion dollars in 2011-2012, retail sector is one of the fastest-growing sectors in India.
- **India Brand Equity Foundation (2011) –** According to this foundation, the Indian retail industry has been growing rapidly in recent years, however, the organized industry has become more and more popular in recent times as unorganized retail trade has become more popular as tastes change and consumers take precedence.
- **NABARD (2011) –** According to NABARD, food retailing contributes to about 61 percent of the total retail sales in India, while organized food retailing is still urban. This study also found

that food retailing is necessary but not very profitable for organized retailers. Direct purchase of fruits and vegetables from Farmers by organized retailers gives farmers a better share of the consumer Expenses and costs to consumers have also come down.

- **Jhamb Deepika (2010) –** According to her, infrastructure, economic development, and changing consumer demographics are the main drivers of organized retailing in India. Retail store location, management style, rationality, and staff pay are more important in increasing the effectiveness of retail business factors for the success of retailers.
- **Dalwadi (2010) –** According to him, shopping malls over traditional market outlets are affected by various factors such as ambiance, assortment, sales promotion plans, and in-store services. The facility of one Stop-Shop received positive feedback from consumers, who found it more convenient, time-saving, and satisfying.
- **Srivastava (2009) –** According to him, malls are more developed in the northern and eastern parts of India. Malls are becoming the destination of excursions for families and they spend around 1-3 hours at the mall. He said that smaller retailers need to convert retail customers by better serving them through credit and home services.
- **Sinha (2005) -** According to him, the format choice of the F&G consumer for a Product and a customer segment with a sample of 26 respondents at five existing stores Formats like Grocery, Advanced Grocery, Supermarket, Hypermarket, andWholesaler.
- **Nielsen Shopper & Consumer Trends (2004) –** explored the major retail markets in the Asia-Pacific region, India is the only market where traditional kirana stores are the major outlets where shoppers spend the most money.
- **Hoyer & McInnis (2001) –** According to them, the Satisfaction of consumers can be measured by how satisfied customers are with the supermarket's Services and Products. Keeping customers happy is a huge advantage for a company, satisfied customersstay loyal.

RESEARCH GAP

- During the review process, the researcher finds the following research gaps:
- There are various studies related to consumer’s behavior or purchasing, but there were few

studies focused on consumer behavior towards purchasing retail food in organized as well as unorganized sectors in Agra and Kanpur city.

- There is no study in respect of performance organized as well as unorganized food retailing industry in Agra and Kanpur city.
- Researcher found a very little number of studies in respect of policies of state government in food retailing.
- There is no study on the aspect of grains, vegetables and fruits, milk products, and beverages under the consumer behavior towards purchasing retail food in organized as well as unorganized sectors in Agra and Kanpur city.

NEED OF THE STUDY

- The Indian retail sector has been explored in recent years. Currently, the work from the organized and unorganized sectors is in a better position, but still, they are facing many problems in the retailing sector, like their management, location, environment, culture, price, product, etc.
- The government of India has taken several initiatives, but still, the retailing sector in India has many hurdles in its development and growth at a slower rate as compared to the rest of the world.
- The retail sector has changed from traditional schemes to modern ones, and there are various challenges related to the present retail scenario, due to covid-19 there are many challenges in the food retail industry.
- There is the problem of skilled labor and less knowledge of retail store owners.
- There is a drastic change in consumer behavior towards their purchasing retail food in the organized and unorganized sectors, if we see the aspects of consumers and shoppers; we notice that the performance and availability of organized and unorganized sectors in food retailing are not clear, this study will help to improve their performance and make a better environment for

the retailing sector.

Against the above-mentioned backdrop, the researcher has selected the topic entitled **"Organized and Unorganized Food Retailing in India: A Comparative Analysis".**

RESEARCH QUESTIONS

a. Is there any difference between organized and unorganized sector?

b. Which types of policies were adopted by the government for the food retailing industry?

c. Is the Indian food retail industry the fastest-growing or not?

d. What is the consumer behavior towards purchasing retail food in an organized as well as an unorganized sector?

e. What is the performance of the organized and unorganized food retailing industry?

f. What are the problems faced by the food retailing industry?

g. What are the different techniques of selling products used by owners?

h. How the retail industry can be more developed?

OBJECTIVES OF THE STUDY

1. To analyze the present status of India's organized and unorganized food retailing industry.
2. To examine the consumer behavior towards purchasing retail food in the organized sector as well as the unorganized sector in Agra and Kanpur city.
3. To compare the performance of organized and unorganized food retailing industry in Agra and Kanpur city.
4. To study the government policies of the organized and unorganized food retailing industries in India.
5. To examine the problems of the food retailing industry in India and suggest a future action plan.

HYPOTHESES

Based on the researcher's objectives, the following null hypotheses will be studied-

H0- There is no significant difference between consumer behavior towards purchasing in organized and unorganized food retailing in Agra and Kanpur city.

H01- There is no significant difference between food variety in organized and unorganized food

retailing in Agra and Kanpur city.

$H0_2$- There is no significant difference between the performance of the organized and unorganized food retailing industry in Agra and Kanpur city.

If there will be a need to formulate hypotheses, in addition, the researcher will formulate other hypotheses as needed during the study.

RESEARCH METHODOLOGY

Sample Selection

This survey will be based on questioning organized and unorganized food retailing shoppers and consumers in Agra and Kanpur city. A total sample of 460 units will be drawn out, which will consist of 230 units of Agra and 230 units of Kanpur.

The Agra region sample will be further divided into organized food retailing, and unorganized food is retailing each of 115 units.

In 115 units, 15 will be organized retail shoppers and the remaining 100 will be consumers of organized food retailing, and in another 115 units, 15 will be unorganized retail shoppers, and the remaining 100 will be consumers of unorganized food retailing.

Same to Agra, the Kanpur region sample will also consist of equal units of organized food retailing and unorganized food retailing, i.e. 115 units.

In 115 units, 15 will be organized retail shoppers, and the remaining 100 will be consumers of organized food retailing, and another 115 units, 15 will be unorganized retail shoppers, and the remaining 100 will be consumers of unorganized food retailing will be considered.

To make research more workable, the researcher takes some groups of food items which are-

1. Grains
2. Vegetables and Fruits
3. Milk products
4. Beverages

THE THEORETICAL FRAMEWORK

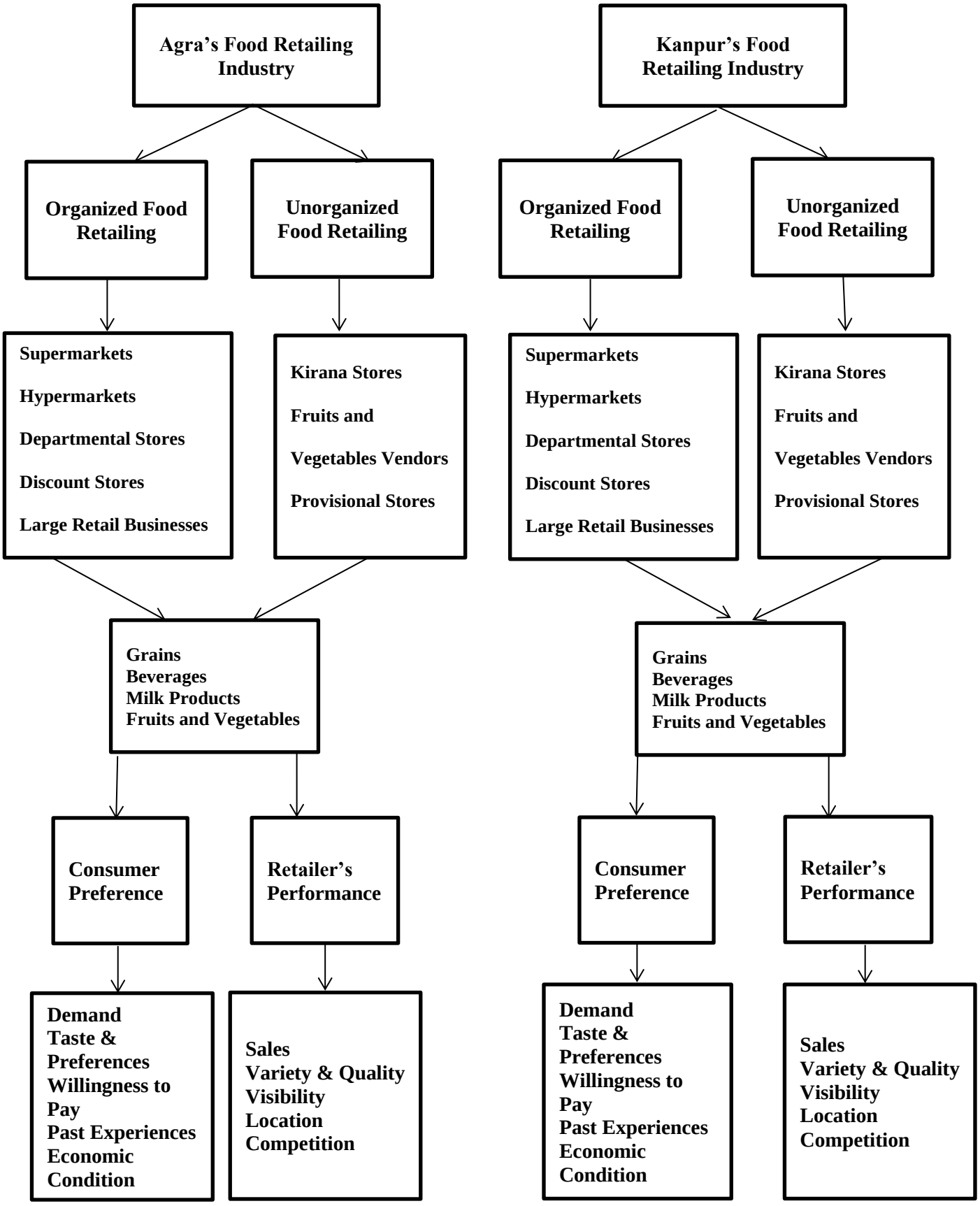

Figure-1 Theoretical framework

Statistical Tools Used

For analysis, findings and to draw interferences the appropriate statistical and mathematical tools will be used as the ratio, averages, regression, Z test etc. and 5 points Likert scale will also be used.

Data collection- This study is based on primary and secondary data-

Primary data: - primary data will be collected by the self-structured questionnaire,schedules, and conducting structural interviews of the respective respondents.

Secondary data: - secondary data will be collected from newspapers, websites, the internet, magazines, journals, government report, etc.

Research Design

The following table shows the analysis style for this study-

Table-1 Research Design

Particular	**Description**
Geographical Area	Agra and Kanpur cities
Research Area	Organized and Unorganized food retail stores
Data Collection	Through self-structured questionnaires, interviews, schedules and published work in journals, books, newspapers, periodicals,and others that is relevant to the research
Sample Size	460 Respondents (400 Consumers + 60 Shoppers)
Statistical Tools	Averages, regression model, Z test and other appropriate statistical tools as per the requirement of the study **Scale-** Likert scale
Sample Type	Convenience sampling
Research Type	Descriptive and Analytical

PROPOSED CHAPTERS

1. Introduction

(a) Food Retailing in India

(b) Organized Food Retailing in India

(c) Unorganized Food Retailing in India

(d) Need of The Study

(e) Objectives of The Study

(f) Hypotheses

(g) Research Methodology

2. Review of Literature.

3. Present Status of Organized and Unorganized Food Retailing Industry in India
4. Government Policies Launched for the Indian Food Retailing Industry
5. Comparison between Organized and Unorganized Food Retailing Industry
6. Analysis and Findings
7. Indian Food Retailing Industry Problems and Suggestions
8. Conclusion and Recommendations

IMPLICATION OF THE STUDY

This study tells the difference between organized and unorganized food retailing industry,in this study researcher will examine the consumer behavior towards purchasing in organized as well as unorganized sectors in two different cities. This study will help us to knowwhich type of difficulties consumers faced while purchasing and shoppers in selling and how can we solve those problems.

This study can be helpful for the government to take initiatives for reducing the hurdles in progress of consumers and shoppers, which have directly impact on economic development, export promotions, more employment generation & more investment in the food retailing sector.

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